

DEPARTMENT OF BENEFIT PAYMENTS

744 P Street, Sacramento, CA 95814



February 26, 1975

ALL-COUNTY LETTER NO. 76-40

TO: ALL COUNTY WELFARE DIRECTORS

OBSOLETE

Superseded by

ACL # 77-15

Issued 3-17-77

SUBJECT: NONASSISTANCE FOOD STAMP QUALITY CONTROL DATA, JANUARY - JUNE 1975

REFERENCE:

Attached is an analysis of the Nonassistance Food Stamp Quality Control Findings from the January - June 1975 review period. Twenty-four counties, those with over 1,000 nonassistance cases, were participating in the Food Stamp Quality Control Program during that period. Based on June 1975 data, these counties represented 91.2 percent of the total nonassistance caseload.

The aggregate case error rate for January - June 1975 was 44.4 percent; the aggregate dollar error rate, including undercharges and overissuances, was 21.5 percent. Both rates represent a decline from the July - December 1974 period.

	<u>July-December 1974</u>	<u>January-June 1975</u>	<u>Changes</u>
Cases:			
Ineligible	17.1	11.6	-5.5
Undercharges, overissuances	21.1	22.2	+1.1
Overcharges, underissuances	<u>11.6</u>	<u>10.6</u>	<u>-1.0</u>
TOTAL	49.8	44.4	-5.4
Dollars:			
Ineligible	14.1	11.6	-2.5
Undercharges, overissuances	6.7	7.3	+0.6
Overcharges, underissuances	<u>3.3</u>	<u>2.6</u>	<u>-0.7</u>
TOTAL	24.1	21.5	-2.6

Differences between the Aid to Families with Dependent Children (AFDC) and Food Stamp Quality Control Programs tend to inflate Food Stamp case and dollar rates, and preclude a direct comparison between the two programs. For example, Food Stamp instructions define several procedural errors as eligibility errors and, as of the January - June 1975 review period, assign dollar losses to them (e.g., processing an unsigned application; misclassification; failure to provide advance notice of any action to terminate program benefits; failure to change certification at end of advance notice period). In AFDC such procedural errors are not included in error rate determination. In addition, Food Stamp Quality Control Instructions (FNS 732-2, Rev. 2) do not set a minimum dollar limit in defining an error. In AFDC, an error equals \$5 or more difference between actual and authorized payment.

The Food Stamp quality control data from the January - June 1975 review period revealed several major error concentrations. Errors in income computation, work registration, and deductions determination comprised a significant portion of both the case and dollar error rates. The attached analysis examines all of these areas in detail.

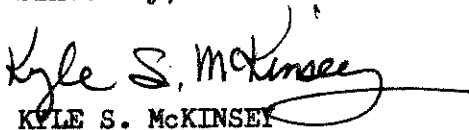
California's Food Stamp Program Performance Monitoring System (see All County Letter 75-269) is designed to refine problem identification and focus corrective action measures at county, state and federal levels. Under this system, quality control findings will continue to be an important indicator of the nature and scope of our problems, and the success of our solutions.

Based on data from all of the states and territories, California's combined case error rate was below the national average (United States - 46.6 percent vs. California - 44.6 percent) and ranked third lowest among the 14 largest states and territories. California's combined dollar error rate was also below the national average (United States - 28.6 percent vs. California - 21.5 percent) and again ranked third among the 14 largest states and territories. The attached chart shows the rankings by case and dollar error rates.

While the data indicates that California's error rate is improving and that, relatively speaking California compares favorably to other large states, it is very obvious that there is still considerable room for improvement. The achievement of significant improvement in the administration and operation of the Food Stamp Program in California is a goal shared by all three levels of government - local, state and federal - and can only be realized through a cooperative effort. In addition to working with county staff to develop corrective action measures at the state and local levels, the Department of Benefit Payments is also actively seeking corrective action at the federal level. We appreciate your commitment and efforts thus far and wish to solicit your continued involvement in this critical area.

Any questions or comments regarding the data analysis should be addressed to Ms. Charlotte Doisy of the Food Stamp Systems Bureau, at (916) 445-9537.

Sincerely,


KYLE S. MCKINSEY
Deputy Director

cc: CWDA
FNS, USDA

NONASSISTANCE FOOD STAMP ERROR RATES
FOR JANUARY - JUNE 1975

Fourteen Largest States and Territories
(500,000+ Participants)

Case Error Rates (Percent)

State	Ineligible	Eligible		Aggregate Error Rate
		Overissue/ Undercharge	Underissue/ Overcharge	
1. Texas	7.7	18.8	3.8	30.3
2. Michigan	22.0	13.5	5.2	40.7
3. California	11.6	22.3	10.7	44.6 *
4. Florida	15.8	21.7	7.4	44.9
5. Louisiana	10.6	25.8	8.9	45.3
				<u>46.6 U.S. Mean</u>
6. Ohio	22.2	19.3	6.2	47.7
7. New York	28.2	13.1	9.6	50.9
8. North Carolina	17.9	23.7	11.6	53.2
9. Georgia	24.1	21.6	8.6	54.3
10. Pennsylvania	26.8	23.1	9.2	59.1
11. Puerto Rico	21.9	25.1	15.0	62.0
12. New Jersey	24.6	27.2	14.1	65.9
13. Illinois	61.7	6.6	2.2	70.5
14. Massachusetts	52.0	17.3	9.9	79.2

* Due to rounding, aggregate case error rate in attached data analysis is slightly lower.

NONASSISTANCE FOOD STAMP ERROR RATES
FOR JANUARY - JUNE 1975

Fourteen Largest States and Territories
(500,000+ Participants)

Dollar Error Rates (Percent)

State	Ineligible	Eligible		Aggregate Error Rate
		Overissue/ Undercharge	Underissue/ Overcharge	
1. Texas	8.0	7.1	1.0	16.1
2. Louisiana	12.2	6.2	1.8	20.2
3. California	11.6	7.3	2.6	21.5
4. Florida	15.6	7.5	1.7	24.8
				<u>28.6 U.S. Mean</u>
5. Michigan	22.5	5.2	1.8	29.5
6. North Carolina	17.7	8.9	2.9	29.5
7. Ohio	24.3	8.8	1.6	34.7
8. Puerto Rico	21.5	9.2	4.2	34.9
9. New York	25.4	6.1	3.7	35.2
10. Georgia	26.9	8.5	2.2	37.6
11. Pennsylvania	27.4	9.5	2.9	39.8
12. New Jersey	28.5	10.2	4.0	42.7
13. Illinois	53.3	3.5	0.7	57.5
14. Massachusetts	51.1	7.1	4.6	62.8

NONASSISTANCE FOOD STAMP

QUALITY CONTROL DATA

ANALYSIS

JANUARY-JUNE 1975

Prepared by:

Charlotte Doisy
Food Stamp Systems Bureau
Department of Benefit Payments
State of California
October 1975

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DATA ANALYSIS JANUARY - JUNE 1975

I. INTRODUCTION

A. What is an Error in Food Stamps?

An error is charged whenever any aspect of the case is contrary to state Food Stamp regulations in effect during the month of review. An error case may be ineligible for program participation; eligible but overcharged or undercharged for Food Stamps purchased, eligible but issued fewer or more Food Stamps than allotted (i.e., under-issued or overissued). Overcharges and underissuances may result in erroneous loss to the recipient; ineligibility, undercharges and overissuances may result in erroneous loss to the program.

B. Summary of QC Findings

The QC data from the January-June 1975 review period revealed several major error concentrations: income accounted for 40.5 percent of total case errors and 42.2 percent of total dollar loss; work registration accounted for 11 percent of total case errors and 19.7 percent of total dollar loss; deductions accounted for 21.0 percent of total case errors and 8.5 percent of total dollar loss.

56.5 percent of all case errors and 60.4 percent of total dollar loss were due to agency error. 43.5 percent of all case errors and 39.6 percent of total dollar loss were due to recipient error. Agency errors include such items as incorrect application of policy, computation errors, and failure to take indicated action. Recipient error involves provision of incorrect or incomplete information, and failure to report changes in circumstances.

C. Aggregate Error Rates

The QC data were analyzed from two perspectives--case errors and dollar errors. The aggregate case and dollar error rates are as follows:

CASE ERROR RATE:

	July-Dec 1974	Jan-June 1975	Changes in Rates
Ineligible Households	17.1%	11.6%	- 5.5%
Undercharges	19.5%	21.4%	+ 1.9%
Overissues	1.6%	.8%	- .8%
Overcharges	11.0%	10.3%	- .7%
Underissues	.6%	.3%	- .3%
Aggregate Case Error Rate	49.8%	44.4%	Aggregate Change - 5.4%

DOLLAR LOSS ERROR RATES

	July-Dec 1974	Jan-June 1975	Change
	Dollar Error Rate	Dollar Error Rate	
Ineligibles	14.1%	11.6%	- 2.5%
Undercharges & Overissues	6.7%	7.3%	+ .6%
Underissue & Overcharges	<u>3.3%</u>	<u>2.6%</u>	<u>- .7%</u>
Aggregate Dollar Error Rate	24.1%	21.5%	- 2.6%

CASE ERROR RATE: NEGATIVE ACTIONS

	July-Dec 1974	Jan-June 1975	Change
Invalid Decisions	5.4%	5.9%	+ .5%

When considering the July-December 1975 ineligibility dollar error rate, it is important to remember that during the July-December 1974 review period, procedural errors were not assigned a dollar loss figure, but during the January-June 1975 review period they were. If the dollar loss figure due to procedural errors were excluded from the dollar loss of the January-June 1975 review period, the two periods would be placed on a common data base and the ineligibility dollar error rate for the January-June 1975 review period would be 8.1 percent, a decrease of 6.0 percent from July-December 1974. For the purpose of comparing the two review periods, this adjustment in the data base is necessary to more accurately reflect the significant progress made in reducing the ineligibility dollar error rate.

D. Statistical Summary Sheet

The following is a summary of the major program areas in which the errors are occurring and the major causes of these errors. A more detailed analysis is contained in the Data Analysis section.

Program Category	Case Error Rate	Dollar Error Rate	Major Causes of Errors
I. Ineligibles	11.6%	11.6%	Agency failure to take indicated action and apply policy. Incorrect or incomplete information given by recipient.

Statistical Summary Sheet (Cont'd)

Program Category	Case Error Rate	Dollar Error Rate	Major Causes of Errors
a. Work Registration	32.0%	32.0%	Agency incorrectly applying policy and failing to take indicated action.
b. Other Total	27.7%	32.6%	Agency failure to take indicated action.
c. Monthly Income	25.6%	22.7%	Recipient failure to report change in cir- cumstances and provide complete and correct information.
d. Resources	6.6%	10.0%	Information provided by recipient is incorrect or incomplete.
II. Basis of Issuance (Undercharge and Overissue)	22.2%	7.3%	Recipient failure to report correct and com- plete information and changes in circumstances.
a. Monthly Income	63.0%	73.0%	Recipient failure to report correct and com- plete information and changes in circumstances.
b. Deductions	30.0%	21.0%	Agency failure to correctly apply policy and take indicated action.
III. Negative Actions	5.9%	--	Agency policy incorrectly applied.
a. "Other Total"	70.0%	--	Agency failure to correctly apply policy and take indicated action.
b. Monthly Income	15.5%	--	Agency failure to correctly apply policy.
c. Household Size	13.0%	--	Agency failure to correctly apply policy.

II. DATA ANALYSIS

The following is an analysis of the error rate data for all categories where federal tolerance limits were exceeded. All case and dollar error rates for January-June 1975 analyzed below include procedural errors.

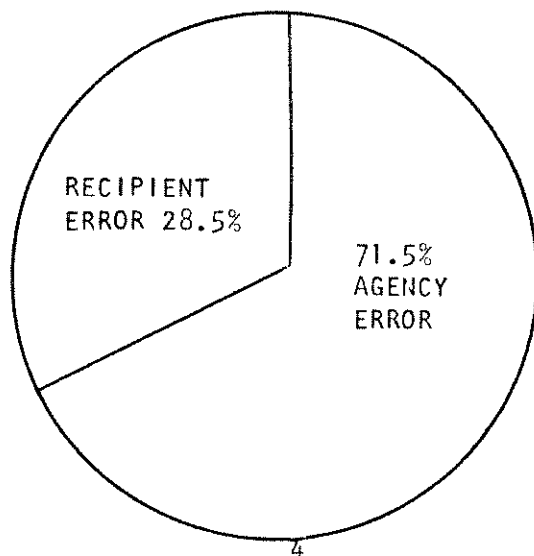
A. Ineligible Households

1) Summary

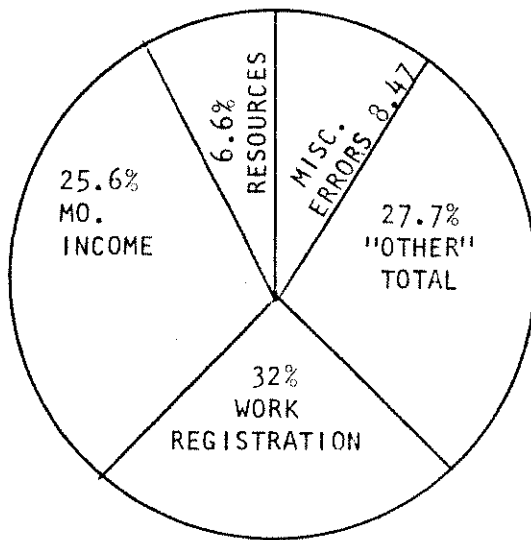
In comparing the figures from January-June 1975 to those of the July-December 1974 QC period, the case error rate decreased 5.5 percent (from 17.1 percent to 11.6 percent) and the dollar error rate decreased 2.5 percent (from 14.1 percent to 11.6 percent). The percentage of ineligibility errors due to erroneous income computations decreased from 40 percent to 25.6 percent and the percentage of bonus dollars lost decreased from 44 percent to 22.7 percent. The majority of errors in this category continue to be recipient oriented. The "Other Total" figure climbed from 18 percent to 27.7 percent, with procedural errors, primarily misclassification, far surpassing arithmetic errors which comprise a very insignificant portion of "other" errors. Work registration continues to be a problem, with little change in performance (31 percent vs. 32 percent). Work registration will be treated separately in the analysis of ineligible households.

One hundred thirty-seven cases or 11.6 percent of the cases were found to be ineligible. 71.5 percent were due to agency error and 28.5 percent were due to recipient error. Bonus dollars overissued totaled \$9,321 or 11.6 percent. Agency failure to correctly apply policy and take indicated action and recipient failure to provide complete and correct information were the primary causes of the errors. A major error component of agency error was work registration, which comprised 30 percent of the total ineligible case error rate. The major component of recipient error was monthly income, which comprised 15.7 percent of the total ineligible case error rate.

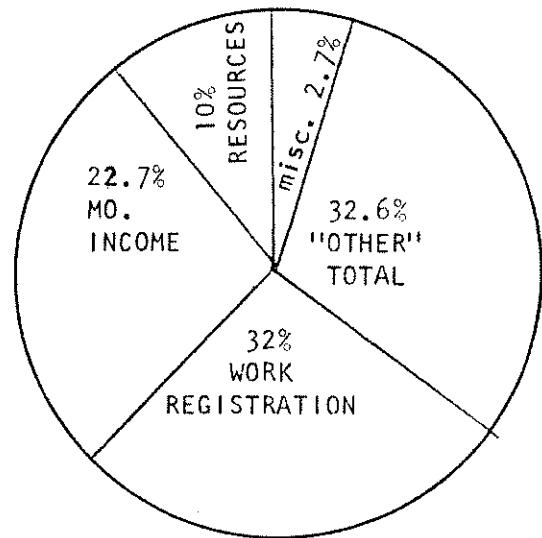
INELIGIBILITY
AGENCY/RECIPIENT CASE ERROR RATE



INELIGIBILITY
CASE ERROR RATE



INELIGIBILITY
DOLLAR ERROR RATE



2) Major Error Categories

Other total error comprised 27.7 percent of the case error rate and 32.6 percent of the dollar error rate. Misclassification accounted for 39.5 percent of the case error rate and 46 percent of the dollar error rate. Misclassification errors also contributed heavily to the total ineligibility error rate, comprising 11 percent of the total ineligibility case error and 15 percent of the dollar error rate.

Monthly income accounted for 25.6 percent of the case error rate of which 65.7 percent were due to recipient error. Total bonus dollars lost were \$2,119 or a dollar error rate of 22.7 percent. Earnings comprised 57 percent of the monthly income case error rate and accounted for 59 percent of the monthly income dollar rate. Approximately two-thirds of monthly income errors were due to failure of the recipient to report a change in circumstances and to provide correct and complete information.

Resources accounted for 6.6 percent of the case error rate and 10 percent of the dollar error rate, of which 82 percent was due to recipient error. All of the recipient errors occurred in liquid resources, primarily due to incomplete or incorrect information. Agency errors occurred in nonliquid resources.

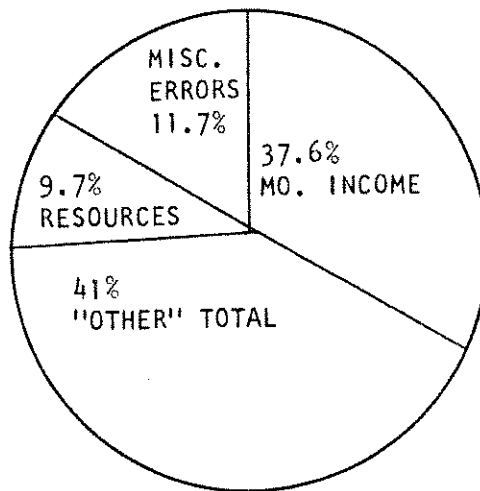
3) Work Registration as Part of Total Ineligibility Error Rates

Work registration accounted for 32 percent of all ineligibility errors, but made up 42.9 percent of the total agency error. The agency incorrectly applying policy and failing to take indicated action were the causes of agency error. Errors in work registration resulted in a loss of \$2,984 or 32 percent of the ineligibility dollar error rate.

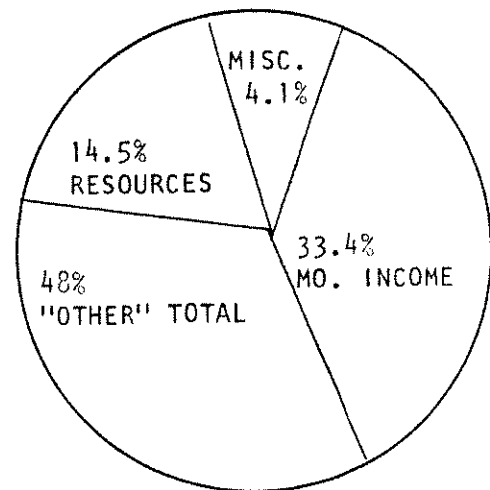
4) Ineligibility Error Rates Without Work Registration

If work registration is broken out as a separate component and not included as a factor in determining the ineligibility error rate or dollar error rate, the results would be as follows:

INELIGIBILITY CASE ERROR RATES
WITHOUT WORK REGISTRATION



INELIGIBILITY DOLLAR ERROR
RATES WITHOUT WORK REGISTRATION



INELIGIBILITY CASE ERROR RATE

With Work Registration	Without Work Registration
11.6%	7.9%

INELIGIBILITY DOLLAR ERROR RATE

With Work Registration	Without Work Registration
11.6%	7.9%

Difference: - 3.7%

- 3.7%

Disregarding errors due to work registration, the ineligibility case error rate and dollar error rate are each 7.9 percent.

"Other total" would comprise 41 percent of the case error rate and 48 percent of the dollar error rate. Misclassification is the primary source of error, and would comprise 16 percent of the total ineligibility case error rate and 22 percent of the dollar error rate.

Monthly income would account for 37.6 percent of the case error rate and 33.4 percent of the dollar error rate. Earnings is the major source of error and would comprise 20 percent of the dollar error rate and 21.5 percent of the case error rate.

Resources would account for 9.7 percent of the case error rate and 14.5 percent of the dollar error rate.

Considered as a separate component, work registration's dollar error rate and case error rate was 3.7 percent, down from a 5.3 percent case error rate and a 5.7 percent dollar error rate for the July-December 1974 QC review period.

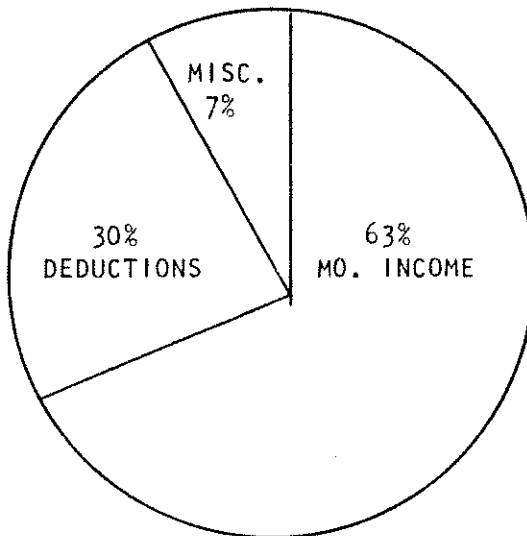
B. Basis of Issuance

1) Overissuances and Undercharges

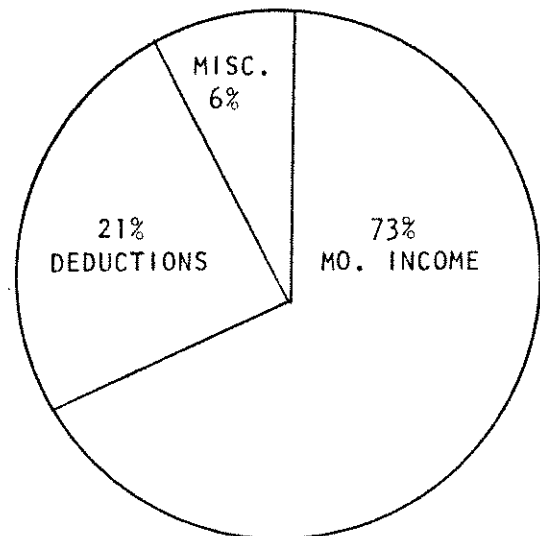
a) Summary

Basis of issuance errors involving overissuances and undercharges remained relatively unchanged from the last review period. The case error rate increased slightly from 21.1 percent to 22.2 percent, an increase of only 1.1 percent, and the dollar error rate increased by .6 percent from 6.7 percent to 7.3 percent. Once again agency and recipient failures each were the cause of one-half of the total error rate. Monthly income and deductions again accounted for most of the errors, with 94 percent of the errors occurring in these categories. This corresponds closely with the 96 percent figure that was derived from these two categories during the last review period. Earnings once again contributed significantly to the dollar error rate, accounting for approximately 41 percent of the total dollar loss.

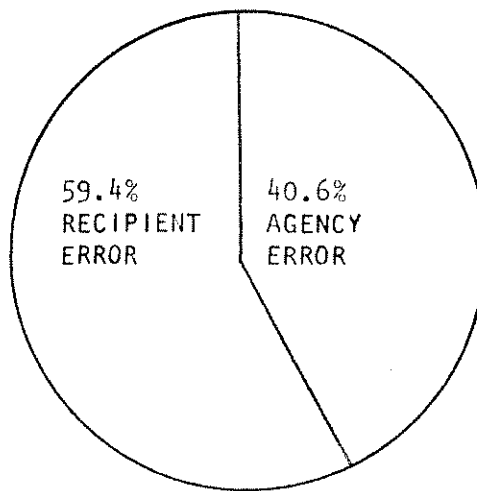
OVERISSUANCE/UNDERCHARGE
CASE ERROR RATE



OVERISSUANCE/UNDERCHARGE
DOLLAR ERROR RATE



OVERISSUANCE/UNDERCHARGE
AGENCY/RECIPIENT DOLLAR ERROR RATE



b) Major Error Categories

Undercharge errors were present in 21.4 percent of the sample, while overissuances were involved in only .8 percent. Errors in undercharges and overissuances resulted in a loss of \$5,848, of which 59.4 percent was due to recipient error and 40.6 percent was due to agency error.

Errors in income computation accounted for \$4,290 or a dollar error rate of 73 percent. The case error rate was 63 percent. Within the income category, 60 percent of the dollar loss can be attributed to the earnings component, of which 77 percent was due to recipient failure to report a change in circumstances and provide correct or complete information. Overall, the dollar error rate for earnings was 41 percent of the total basis of issuance program loss, which is the highest dollar error rate for any one basis of issuance component. Errors in pensions comprised 16.2 percent of the total basis of issuance loss. The major sources of errors were agency computation or transcription errors and recipient failure to provide complete and correct information and to report changes in circumstances.

Errors in deduction determination were the other major error category, with a dollar error rate of 21 percent, of which 62 percent was due to agency error. The two major error components in the deductions category were shelter costs and medical expenses. Shelter costs were 31 percent of the deductions dollar error rate and 7 percent of the total basis of issuance dollar error rate. The dollar loss for medical expenses totaled 28 percent, which was 6 percent of the total basis of issuance dollar error rate.

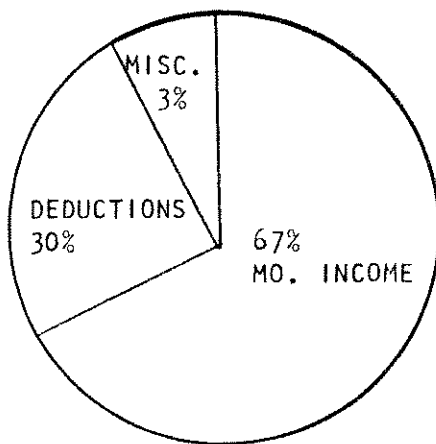
2) Underissuances and Overcharges

a) Summary

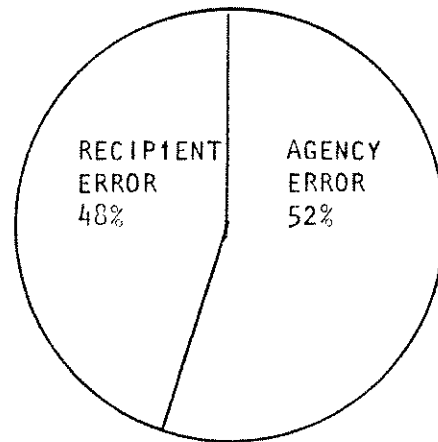
Underissuances and overcharges had a dollar error rate of 2.6 percent. When compared to the last six-month period, monthly income and deductions are still the major sources of errors. However, monthly income errors decreased from 60 percent to 46 percent, while errors in deductions increased from 32 percent to 49 percent. This corresponds to other areas which show a decrease in monthly income errors.

UNDERISSUANCES AND OVERCHARGES

DOLLAR ERROR RATE



AGENCY/RECIPIENT DISTRIBUTION
OF DOLLAR ERROR RATE



b) Major Error Categories

Analysis shows that the errors for overcharges and underissuances fall into the same major program components as do the errors in undercharges and overissuances. Because of the similarity of error sources, corrective actions directed at program losses due to basis of issuance errors should correct errors in overcharges and underissuances as well.

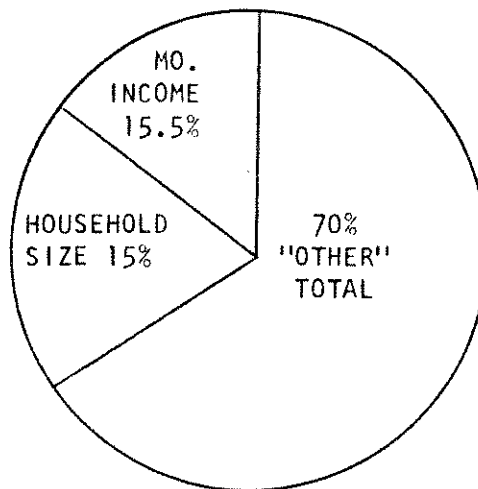
Sixty-seven percent of the dollar loss occurred in the monthly income component of which 54.5 percent was due to recipient error. Earnings and pensions comprised the greatest percentages of dollar loss in this program area at 34 percent and 32 percent respectively.

Errors in deductions resulted in a loss of \$637 or 30 percent, of which 54 percent was due to agency error. Errors in shelter cost determination made up 61 percent of the total dollar loss due to deduction errors.

C. Negative Actions

When compared to the last six-month period, the error rate for negative actions remains low, 5.9 percent vs. 5.4 percent. As was the case with ineligible cases, the percentage of errors in income computation decreased (from 21% to 15.5%), and "other" or procedural errors increased (from 55% to 70%). Errors in household size increased from 3.5 percent to 13 percent. The increase in procedural errors may or may not be a significant trend, since in the hierarchy of errors, monthly income errors are primary errors and procedural errors are secondary errors. Primary errors are coded first. If there is no primary error, then a secondary error can be coded. Thus, the procedural errors may have been there all the time, but were not coded, due to the presence of primary errors. Now they are being picked up as the incidence of primary errors decreases. A definite downward trend in the occurrence of income computation errors is occurring.

NEGATIVE ACTION CASE ERROR RATE



Forty-six cases or 5.9 percent of the negative sample were found to be invalid decisions. "Other Total" errors comprised 70 percent of the case error rate. Half of these errors were "other", disallowing further analysis. Of the identifiable procedural components, lack of advance notice composed 13 percent of the total case error rate, and errors in action based on withdrawal, loss of contact were 15 percent. Errors in household size was 13 percent and monthly income was 15 percent. The agency incorrectly applying policy and failing to take indicated action were the primary causes of error.

D. Sources of Dollar Errors

Analysis of the causal factors shows interesting patterns of errors. While agency error is predominant in the determination of eligibility, recipient error predominates in basis of issuance errors.

In examining basis of issuance errors, recipients made more errors in monthly income determination, while the local agency made more errors in deductions, primarily by incorrectly applying policy and failing to take indicated action. Approximately one-half of the agency errors in monthly income determination were due to computation or transcription errors.

The only portion of eligibility errors that had significant recipient involvement was resources. 76 percent of the program loss was due to recipient failure to provide complete or correct information. Agency loss in the "other total" category indicate procedural errors, since approximately one-half of the errors were due to agency failure to take indicated action. Computation errors were not a significant portion of agency error.

The following chart details the occurrence of errors in the major program areas:

DISTRIBUTION OF DOLLAR ERROR RATE

		AGENCY ERRORS					RECIPIENT ERRORS		
		Policy Incorrectly Applied	Computation or Transaction Error	Failure to Take Indicated Action	Other	Total	Information Provided is Incorrect or Incomplete	Change in Circumstances Not Reported	Total
I.	Undercharges & Overcharges	9.6%	14.1%	14.5%	2.4%	40.6%	31.0%	28.4%	59.4%
	A. Monthly Income	5.0%	14.5%	11.8%	2.2%	33.5%	35.5%	31.0%	66.5%
	B. Deductions	25.6%	12.9%	21.0%	2.6%	62.1%	17.5%	20.3%	37.8%
II.	Ineligible Households	26.3%	3.0%	34.5%	9.5%	73.3%	17.3%	10.0%	27.3%
	A. Work Registration	49.0%	--	46.0%	--	95.0%	5.0%	--	5.0%
	B. Other Total	18.6%	7.6%	46.8%	27.0%	100.0%	--	--	--
	C. Resources	13.7%	--	4.0%	--	17.7%	76.0%	6.0%	82.0%